

**Draft subject to final approval**

**MINUTES OF THE  
BUSINESS, ECONOMIC DEVELOPMENT, & LABOR  
APPROPRIATIONS SUBCOMMITTEE**

**Room 210, Senate Building**

**October 19, 2015**

**Members Present:** Sen. Brian E. Shiozawa, Senate Chairman  
Rep. Dixon M. Pitcher, House Chairman  
Rep. Stewart E. Barlow, House Vice Chair  
Sen. Gene Davis  
Sen. Wayne A. Harper  
Sen. Ann Millner  
Sen. Jerry W. Stevenson  
Rep. Patrice M. Arent  
Rep. James A. Dunnigan  
Rep. Jeremy A. Peterson  
Rep. John R. Westwood  
Rep. Mark Wheatley

**Members Excused:** Rep. Johnny Anderson

**Members Absent:** Sen. Curtis S. Bramble  
Sen. Evan Vickers  
Rep. Val L. Peterson  
Rep. Brad R. Wilson

**Staff Present:** Dr. Andrea Wilko, Chief Economist  
Ms. Clare Tobin Lence, Fiscal Analyst  
Ms. Rosemary Young, Committee Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

Sen. Shizowa called the meeting to order at 1:03 p.m.

**MOTION:** Rep. Pitcher moved to approve the minutes of the February 6 and 12, 2015 meetings. The motion passed unanimously.

Dr. Wilko described the things the committee has been tasked to do during interim by leadership: follow up on audits, follow up on fiscal note bills, ask for prioritization of economic development items, look at actual budget numbers as compared to budget projections.

**Commerce Budget Review**

Dr. Wilko reviewed the Department of Commerce specifically looking at bills with fiscal notes from the 2014 general session and fee changes.

Francine Gianni, Executive Director, accompanied by Peter Anjewierden, Financial Manager, explained the fees resulting from laws just passed and reported that there has been an increase of 56% in business renewals in 10 years but DOPL has not increased staff with the greater work load. The department lapsed almost 15 million to the General Fund in FY2015. Utah's licensure fees are relatively low compared to nearby states. It was reported that the relationship is good with the Dept. of Health concerning the controlled substance database.

### **Insurance Budget Review**

Dr. Wilko gave an overview of the mission and budget of the Dept of Insurance and followed up on fiscal notes for H.B. 347, H.B. 141, S.B. 129, and H.B. 24. Fee changes were related to the captive insurance division. The department lapsed from fee revenue 9.6 million to the General Fund in FY2015 and 90 million from insurance premium tax.

Patrick Lee, Finance Director, accompanied by Brett Barratt, Deputy Commissioner, Dept. of Insurance, asked the committee to excuse Commissioner Kiser. He further discussed the previously mentioned fiscal note bills. It was noted that the high-risk insurance pools, both state and federal, have sunsetted. The balances were transferred back to the General Fund in the amount of 16.2 million.

### **Public Service Commission Budget Review**

Analyst Lence reviewed the Public Service Commission and its budget referring to materials available online under "meeting materials" associated with today's meeting. Changes are coming to the Universal Service Fund which likely will result in greater costs to the state. The recent audit was mentioned.

Thad Levar, Commission Chair, accompanied by Gary Widerburg, Finance Director, reported that the Commission has only 20 employees, among the lowest in the nation. The Commission would like nonlapsing capability to be enacted in statute. The Federal Universal Service Fund is changing from telephone service support to broadband support. Response to audit recommendations was reported.

Dave Pulsifer, State Auditor's Office, with Chris Otto reported satisfaction with the PSC response to the audit recommendations.

### **Tax Commission Budget Review**

Analyst Lence reviewed the Tax Commission mission and budget referring to materials found online associated with this meeting. There was a discussion about the printing of special license plates which has an initial cost of \$500. Fees were discussed especially the need to cover credit card costs associated with electronic transactions.

John Valentine, Commission Chair, and Barry Conover, Executive Director, accompanied by Julie Alsop, Chief Financial Officer, discussed fees particularly relating to interactions with the counties where there are not tax commission offices and the fees associated with electronic license plate transactions. It was reported that the commission works to make fees comparable to the services delivered. Additional IT assistance was very helpful in addressing the tax fraud problem which surfaced this year which involved identical returns being submitted from one year to the next. The state of Utah lost only \$15,000 as compared to a loss of millions to other states with this particular problem. Questionnaires were used to determine which was the real and which was the fraudulent return. Tax fraud in general was discussed.

### **USTAR Budget Review**

Analyst Lence reviewed the goals and funding of USTAR referring to the materials available online and pointing out that more detail is now being given in the line items.

Ivy Estabrooke, PhD., Executive Director, accompanied by Lincoln Clark, Finance Manager, distributed a handout and addressed the problems which have been brought up including the challenges of getting the data needed for audits, particularly from the universities. Using the handout the FY13 and FY14 audit recommendations were thoroughly discussed including funding, ROI, contracts, etc.

Candace Ware, Legislative Auditors Office, reported that the audit may be finished by the end of the year now that the materials have been received.

Sen. Davis recommended that the chairs request by letter that the audit be hurried along.

**MOTION:** Sen. Davis moved to adjourn. The motion passed unanimously with Sen. Harper absent for the vote.

Sen. Shiozawa adjourned the meeting at 3:31 p.m.

---

Sen. Brian E. Shiozawa, Chair

---

Rep. Dixon Pitcher, Chair